

Public Information Summary
LocFund Next L.P.

Host Country(ies)	Latin America.
Name(s) of Borrower(s)/Guaranteed Party(ies)	Locfund Next L.P., a limited partnership established in Ontario, Canada (the “Fund”).
Project Description	The Fund will use the proceeds of the DFC loan to makes loans, primarily in local currency, to microfinance institutions (“MFIs”) across Latin America (the “Project”). The Fund will lend to Tier II and Tier III MFIs, which are relatively smaller and operate in underserved markets.
Proposed DFC Loan/Guaranty	\$20 million
All-Source Funding Total	\$97,000,000
Policy Review	
U.S. Economic Impact	The Project will not have an economic impact on the U.S. economy.
Developmental Objectives	This Project is in response to the economic fallout resulting from the COVID-19 Pandemic. The Project is expected to have a highly developmental impact on the Latin American and Caribbean region through the provision of banking services to low-income individuals, many of which are women, and a technical assistance facility to microfinance institutions, which will facilitate their ability to better serve last-mile clients via mobile phone banking services. Latin America and the Caribbean region are marked by high levels of income inequality which exacerbates poverty in the region. The COVID-19 Pandemic is expected to push an additional 18 to 23 million individuals into poverty. Women in Latin America and the Caribbean are more likely to experience poverty compared to men as there are 113 women for every 100 men living in poverty. The Fund will provide technical assistance to 42 micro-finance institutions. The technical assistance objective is twofold to provide aid to MFIs to reach last-mile downstream borrowers through mobile phone-based banking services and to improve the client MFI’s technological, financial and admirative tools, risk management in an effort to prepare them to seek financing in traditional capital markets. The Project will inject \$97 million dollars of liquidity to MFIs providing loans averaging \$1,500 to 200,000 downstream borrowers who comprise the region’s most economically vulnerable populations.
Environment and Social Assessment	The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. Loans to Financial Intermediaries (“FI”) for the expansion of lending to micro, small, and medium enterprises are screened as a Category C for environmental and

social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all of those downstream investments have been pre-screened as Category C and further review and consent is not required for these investments.

To ensure that the Fund's investments are consistent with the DFC's statutory and policy requirements, the DFC loan made to the Fund will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy ("ESP") that meets the 2012 IFC Performance Standards.

Under the ESPP, the Fund is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2.

A desk-review based due diligence assessment indicates that the Project will use DFC support to facilitate the expansion of the Fund's lending activities in Latin America, primarily for MFIs. Therefore, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated, and PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

The Fund has a basic environmental and social management system that is comprised of environmental and social risk identification and mitigation procedures, and human resources policies commensurate with its investment strategy, but will require some strengthening regarding its environmental and social risk management policies in order to meet the ESPP.